

# CONSUMER FINANCE NEWS

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OF VIRGINIA  
BANQUET SPEAKER

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## IN THIS ISSUE:

	Page
ON THE COVER . . . . .	2
Leading convention speaker	
FOOD FOR THOUGHT . . . . .	3
Department of pertinent opinion	
PLANNERS' CRYSTAL BALL SAYS ECONOMIC CONTROLS WILL LAST FIVE YEARS . . . . .	4
What's ahead	
CREDIT CURBS DO NOT CUT DEMANDS . . . . .	5
Regulation W misdirected?	
CONSUMER CREDIT EDUCATION . . . . .	6
National Foundation for Consumer Credit's plan	
AUTOMOBILE COSTS . . . . .	6
Costs to buyer per hour	
PERSONALITIES . . . . .	7
Matt W. Powers	
TWENTY YEARS AGO IN THE NEWS . . . . .	7
Quotes from Personal Finance News of September 1931	
PROGRAM . . . . .	8
The 1951 convention	
SATISFIED CUSTOMER . . . . .	9
Letter to Pacific Finance Corporation	
GOVERNMENT LOANS . . . . .	10
Authorizations to credit agencies	
FOREIGN ACCOUNTS . . . . .	10
New form	
CONSUMER BUYING POWER . . . . .	10
Interesting chart	
HOW'S YOUR ATTITUDE . . . . .	11
Important in business world	
EDITOR RECOGNIZES ROLE OF SMALL LOANS . . . . .	11
Change of attitude	
FINANCING METHODS AND INFLATION . . . . .	12
Secretary Snyder's viewpoint	
HOUSE CREDIT PROBE . . . . .	12
Consumer credit examination ruled out	
STATE ASSOCIATION ACTIVITIES . . . . .	13
Michigan	
TOTAL CONSUMER CREDIT OUTSTANDING AS A PERCENTAGE OF DISPOSABLE INCOME . . . . .	14
Another interesting chart	
FALSE AFFIDAVIT BRINGS INDICTMENT . . . . .	14
Serviceman's salary involved	
EXCERPTS FROM A MESSAGE TO STOCKHOLDERS . . . . .	14
Instalment credit controls	
1951 NATIONAL CONSUMER CREDIT CONFERENCE . . . . .	15
Proceedings published	
A GLANCE AT WHAT THEY ARE DOING . . . . .	16
Keeping up with people and ideas	



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# On the Cover

The Honorable Harry F. Byrd, U. S. Senator from Virginia, will be the speaker at the Thirty-seventh Annual Banquet on the evening of Friday, September 28, 1951. Senator Byrd has served in public office since 1915—ten years as State Senator in Virginia, four years as Governor of his State, and since 1933 as United States Senator. In private life he is a newspaper publisher, farmer and apple grower. One of the most colorful figures of the South, the Senator is an outspoken critic of the current Administration in Washington.

## The National Convention

The National Consumer Finance Association will take over the famous Greenbrier Hotel at White Sulphur Springs, West Virginia, for its Thirty-seventh Convention and Annual Meeting on September 27-28-29, 1951. Advance reservations assure an overflow crowd as proof of growing interest and participation of members in NCFA affairs. The national convention has become the high point of the year for Association members.

## The Theme

"Better Living through Sound Consumer Financing" has been chosen as the convention theme. This theme is most appropriate. For over a third of a century, this National Association has emphasized the dual objective of (1) better service, and (2) sound financing of consumers. The only reason for a business to survive as a continuing institution is that it renders a needed service to a large segment of the population. To grow and prosper, that business must be sound in principle and must improve its service year after year. The millions of American families who need and use consumer financing constructively are the best witnesses to our established and growing position of respect among the business institutions of America, but the greatest challenge lies ahead.

## The Record

The record of the licensed lenders is a proud one. Starting from scratch nearly forty years ago, these companies have extended their service into most of the states of the union and now provide sound consumer finance service to nearly all industrial centers through 6,500 licensed offices. They are providing two billion dollars a year to about ten million families in emergency and constructive financial help. Over a billion dollars in outstandings are contributing to an improved standard of living for the low income groups who abhor charity, take pride in their self-sufficiency, and meet their obligations with integrity.

## Facing Problems

Like every other important industry, consumer finance companies face serious problems as they come to their annual convention. Competition is keen within the industry and from other institutions in the field of consumer financing. Competition is challenging and, on a fair and comparable basis, brings out the best in business brains and leadership; it leads to better service and lower costs

to the public. But the encroachment of government financing with taxpayers' money in some cases and tax exemption in other cases poses a competitive problem which must be solved if the public is to have sound credit service available in the long run.

The whole nation is caught up in the defense emergency. Our industry is eager to do its full share. The common cause of freedom and national security in a troubled world is paramount, but financing of consumers is also of paramount importance. This service must go on. For the time being, federal controls add on to rigid state regulations. The Soldiers' and Sailors' Civil Relief Act, Wage Stabilization, Regulation W and Regulation X, and other federal controls present serious operating problems. Rising costs press upward against fixed rate ceilings. The general economic conditions hover over business like a threatening cloud. Some of our best trained and most qualified key men are being called into military service.

Yes—there are challenging problems ahead for the consumer finance business—but there is the greater challenge of improved service. This industry has become noted for the initiative and resourcefulness of its leadership. The annual convention always presents an opportunity to get together on mutual problems, to exchange views and to take home the benefits of the best combined thoughts of business leaders. The national convention is of unusual importance in this unusual year.

## The Program

The Program Committee had all of these things in mind as it worked out the details of the convention program. Lack of adequate time forced the elimination of much desirable subject matter. The outline of the program appears on pages 8 and 9 of this issue. In it you will find much of vital interest to you.

You will also find time for fellowship and recreation at this ideal resort location. We are becoming too large for resort locations and this may be the last time we can plan a national convention in one of Nature's beauty spots. The business sessions, the golf tournament, the women's program, and all other events have been planned to take full advantage of all available facilities. Come—enjoy—profit by your opportunity at the Greenbrier.

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## Remember—

## THIRTY-SEVENTH CONVENTION AND ANNUAL MEETING

SEPTEMBER 27-28-29, 1951

GREENBRIER HOTEL

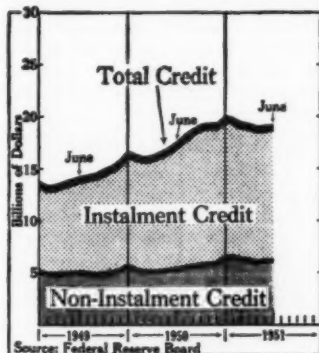
WHITE SULPHUR SPRINGS,  
WEST VIRGINIA

CONSUMER FINANCE NEWS

## Food for Thought

### Culled from Here and There

#### On the Cuff



**Outstanding consumer credit** at the close of June totaled \$19,224 million—a gain of \$31 million during the month. It was the second successive month to show a slight gain. The total is now \$1.573 billion above last year's end-of-June total.

—*The Wall Street Journal.*

**Man's mind is powerful,** great and wonderful, yet it is far short of perfect. Men cannot agree with each other upon what is truth, or what is important, nor yet upon what is trivial. Few minds comprehend the divine tongue. No man is perfect. That's why judges err and wise men do foolish things. The wise and the foolish and all between claim each to have the light and truth in his own exclusive possession. I say one thing, you remember another, and our neighbor yet another. But truth is present somewhere. Truth is stable. It is lasting. It is our job to study and search that we may become less foolish, more wise and nearer to the truth.

—*Aladdin's Lamp.*

**The whole nation is debating** inflation. Congress is admonishing against its dangers. The executive branch of the government is constantly citing its exactions. Isn't it ridiculous in a sense to have those who have caused and whose policies are still causing inflation to rail against its seriousness? Would it not be a more sincere act to cease talking about it and actually do

something to prevent it? What type of mind can it be that continuously votes an increase in the government expenditures and then tells the people they had better beware of inflation? Are they not concentrating on the leak in the spigot while ignoring the waste at the bung? All of the railing against increased prices, the attempts to control and regulate are aimed at an effect rather than a cause. Have we become so steeped in expediency that our whole legislation must be based upon its political effect?

—*Henry H. Heimann, Executive Manager, National Association of Credit Men.*

**Voluntary restraints** upon consumer credit have helped to prevent excesses in the past and should be encouraged in the future in preference to regulation by statutory or Executive authority. On the basis of actual experience, no justification for government controls of consumer credit can be shown except as a war measure for limitation of non-essential production. Consumer credit performs an essential function in the processes of production and distribution. Interference with its normal flow offers an obstruction to effective operation of the free enterprise system.

—*Policy Declarations of the Chamber of Commerce of the United States.*

#### Candid Comment

Scientists say the speed of sound doesn't vary, but everyone hears the quitting whistle quicker than they do the starting gun.

### MEETING SCHEDULE

#### CALIFORNIA

Ambassador Hotel, Los Angeles, November 7-8

#### CONNECTICUT

Bond Hotel, Hartford, November 20

#### FLORIDA

Orlando, November 15-16

#### ILLINOIS

Edgewater Beach Hotel, Chicago, October 30-31

#### INDIANA

Claypool Hotel, Indianapolis, November 29-30

#### IOWA

Blackhawk Hotel, Davenport, May 14-15, 1952

#### KENTUCKY

Kentucky Hotel, Louisville, November 8

#### MARYLAND

Lord Baltimore Hotel, Baltimore, October 13

#### MASSACHUSETTS

Shelton Hotel, Boston, October 18

#### MICHIGAN

Statler Hotel, Detroit, November 6-7-8

#### MINNESOTA

Radisson Hotel, Minneapolis, October 24

#### NEW JERSEY

Essex House, Newark, October 25

#### NEW YORK

Albany, November 14-15

#### OHIO

Neil House, Columbus, October 16-17

#### OKLAHOMA

Biltmore Hotel, Oklahoma City, November 9-10

#### OREGON

Multnomah Hotel, Portland, November 17

#### PENNSYLVANIA

Philadelphia, November 7-8

#### VIRGINIA

Jefferson Hotel, Richmond, October 10-11

#### WASHINGTON

Spokane Hotel, Spokane, November 10

#### WEST VIRGINIA

Huntington, October 24-25



# Planners' Crystal Ball Says Economic Controls Will Last Five Years

Prophets Say This Rules Out World War, Assumes Big Expansion in Industry

You might want to crawl under the bedcovers for a four-year sleep.

Latest word from the planners in this town (Washington) is that not until 1955 will the happy day arrive when we'll be rid of price ceilings, material controls, credit curbs and suchlike red tape of the defense program. As a matter of fact, they've got the timing figured out to a pretty fine point—economic freedom will return toward the end of 1955.

Like most long-range Federal forecasts however, this prediction is presented with certain hedge clauses, references to transitional periods, and a number of excited arguments among the braintrusts themselves.

In 1953, if all goes well, the planners say they intend to begin loosening the regulatory ropes now binding business. They repeat: If all goes well.

## Possible Hitches

There are two possible hitches. All-out war would upset everything. The other possible stumbling block is manpower. There may not be enough workers they say to man all the factories that are supposed to churn out a flood of goods and end present-day shortages by 1955.

There's a third possibility, but it doesn't bother the Government men very much. This is the chance that civilian demand for goods will slacken substantially or the arms program be slowed down. Either event could eliminate the excuse for controls even before 1953. But the planners say that's just too much to hope for. They're counting on a big arms effort to make materials scarce.

Many—if not most—businessmen will feel the happy time of 1955 is eons away. But it's a good date to keep in mind. It explains some of the things the Government is trying to do right now.

Here's the picture.

Uncle Sam is busy helping and prodding private industry to boost its output. Defense money, loans, tax benefits and materials under Federal control are being used to open up new copper, lead and zinc mines, build steel mills, add 50% to aluminum capacity, make more chemicals and set up special plants for making weapons.

## 10% More Capacity—

These facilities will add about 10%

to the nation's total capacity by 1953, the planners figure.

They hope this 10% addition will be enough to take care of the extra supplies the military men say they'll need for their long-range arms program. Defense took about 5% of the national output before Korea and is slated to take about 15% from 1952 on.

With production up enough to meet the added military demands, supplies for civilian use in 1953 should be on a par with 1950. The Government planners reason this means a complete scrapping of controls in 1955—not 1953.

Why the two-year delay? They theorize a 1950 level of supply probably would not be sufficient to take care of civilian demand in 1953.

By 1953 the planners assert, the U. S. population will be larger by several millions. People will have bigger incomes and more savings to spend. There will be a "backlog" of demands from the 1951-53 years of cut-production in autos, appliances and new homes.

Given the usual amount of Yankee inventiveness, there will also be some new and improved gadgets that people will want to buy, bolstering demand for materials, the bureaucrats believe.

## Control Lifting Era: 1953-55

From 1953 to 1955 the planners say they will be gradually lifting controls. They calculate government outlays for new plants during that period will become very small. Outlays by private companies, they forecast, will be on a par with 1950. This would mean an investment of somewhat more than \$18 billion a year for new plants and equipment to take care of civilian needs. With these "normal" additions, they reason, supply will gradually catch up with demand by 1955.

Barring a major war, officials say they have no doubt the Government and private industry together are ready to expand industrial output by the 10% they think necessary between now and 1953.

But given the 10% expansion, the planners have their doubts where the workers are coming from to run the new mines and factories.

The National Security Resources Board, before its staff was parcelled out to other agencies, joined the Labor Department in a study of this problem.

Some experts concluded there will be enough workers. They even thought the plant expansion could be pushed beyond the 10% goal. Others forecast a troublesome labor shortage.

Office of Defense Mobilization officials also disagree among themselves. One official said he doesn't expect a bad labor shortage. Another volunteers he does.

## Not Too Reassuring

Labor Department figures aren't too reassuring. They indicate the supply of labor may increase about 8% by the end of 1953, while industrial needs for labor are expanding 10%. Employment would then be about 65 million compared with a few less than 60 million in mid-February.

This 10% increase assumes three million people will go looking for jobs simply because jobs will be easy to get and wages will be high. The rest of the five million increase would come from normal growth in the working population. To increase the supply of workers by 10% the planners say another million will have to be induced to go to work.

Officials who foresee a labor shortage think the stay-at-homes—housewives and retired people—will not be lured into industry in these numbers. They say many who do decide to work will look for easier jobs than they can get in factories. They add work done by the new recruits will not be up to par in many industries. Just as in World War II, according to these officials, more people will turn out fewer goods.

Employers could stretch out the number of hours of work per man to overcome any labor shortage. But the planners don't like that solution. Federal law now requires employers to pay the regular wage plus a 50% bonus for every hour worked over 40-a-week on most industries.

This extra money would raise labor costs, tending to force prices higher. It also would swell consumers' incomes, inflating the demand for goods. The economists figure inflation would get an extra zip, and controls would have to be continued just that much longer.

—The Wall Street Journal.

A communist is a fellow who borrows your pot to cook his goose in.—Detroit News.

# Credit Curbs Do Not Cut Demands

By DR. ROBERT BARTELS

*Six sound reasons why Regulation W is a "misdirection of effort for the accomplishment of desired ends" were given in a paper prepared this spring by Robert Bartels, Ph.D., associate professor of business administration, Ohio State University. He gave it the title: "An Economic Appraisal of Consumer Credit." Substantial excerpts from his manuscript are reproduced in the accompanying article.*

Evidence has accumulated over two decades relating strongly that Regulation W is not only a misdirection of effort for the accomplishment of desired ends, but also that it represents a serious misunderstanding of the role which consumer credit plays in the economy.

In the first place, it is known that credit sales increase in good times and decrease during depression and when, as during the war years, consumer goods were not readily available. All sales, however, increase during good times because of the increase of earned incomes—that is what makes times "good."

At the same time, with increased earnings and prospects of earnings, confidence—the essence of credit—is increased. Consumers are confident in their ability to assume credit obligations; merchants are more willing to rely upon consumers' promises.

It is a natural phenomenon, therefore, that during these recent months when incomes are at a very high level, credit purchases should be voluminous, and debt likewise. One would not conclude, however, that times are good merely because credit business is large. Credit and consumer debt are effects—not causes—of general economic conditions.

Second, during periods of prosperity not only do credit sales increase dollarwise, but the per cent of retail sales made on credit also increases. In other words, whereas during 1932 only \$10.50 out of every \$100 of retail sales were instalment sales, during 1940 \$13 out of every \$100 of retail sales were so made.

This reflects the fact that purchases of goods bought on credit in general and on instalment credit in particular are postponable during depression years.

At that time, too, there are economizing by consumers, changes in consumption patterns, and exercise of caution of managers in accepting risks. These facts indicate clearly that credit

is not a substitute for income as purchasing power.

Credit is but one of the channels through which purchasing power is expended. Purchasing power is limited mainly by income. Credit is not income; it is rather an expenditure of income. *It is not likely, therefore, that a curbing of credit effects a reduction of purchasing power or demand; it probably results rather in a diversion of expenditures.* Experience indicates that both consumers and creditors so regard credit; credit regulators apparently do not.

Third, trends in industrial production and consumer debt are parallel, as shown by annual indexes. As production increases, so does consumer debt outstanding increase.

It has been claimed, contrariwise, in recent years that variations in credit and debt incite and accentuate fluctuations in production. It is more nearly true, on the other hand, that changes in national production, employment, government spending, consumer disposable income, and taxes cause variations in consumer credit.

Fourth, trends in savings, cash expenditures, and consumer debt are parallel. One of the assumptions fundamental to credit regulation is that if people can be restrained from buying they will save. Saving may occur in some such cases; it is also possible that expenditures curbed in one direction will find outlet in another. In general, however, out of a given total disposable personal income savings will not be increased by curtailment of spending.

Savings increase as income increases, cash sales and credit sales increasing at the same time and for the same reason. Both savings and expenditures are a product of general economic conditions, and as production and income increase so will savings and purchases, unless, of course, purchasing power is drained off the market through high taxes.

Fifth, the increase of consumer debt since 1939 has been consistent with the growth of the general economy. Since that time population has increased by 20 millions; physical production, retail prices, and personal savings have doubled; disposable personal income, total personal consumption expenditures, and instalment debt outstanding have approximately trebled.

Instalment debt outstanding was 6.3 per cent of disposable personal income in 1939 and 6.5 per cent of it at the

end of September, 1950. In other words, consumer debt outstanding has not increased faster than the incomes by which the debt would be paid. Similarly, instalment debt outstanding was 6.6 per cent of personal consumption expenditures in 1939 and 6.7 per cent of it at the end of September, 1950.

In general, therefore, it may be said that while consumer debt, specifically instalment debt, has increased, it is relatively unchanged in comparison with two aspects of the economy with which it is significantly associated. One does not get this impression, however, from official pronouncements which excite the public mind by repeated reference to only the increase in dollar volume of the debt, saying nothing of its relative stability.

Sixth, the scare buying which occurred during the third quarter of 1950, and which had direct bearing upon the reenactment of Regulation W, was not induced by the availability of credit or by liberality of terms. We have been led to believe the opposite, nevertheless. However, if the opposite were true, one would find that instalment debt increased proportionately faster than the sales of the types of goods generally bought on instalment. But that was not the case.

At the end of 1949, instalment debt outstanding was 44.6 per cent of the expenditures for durable goods during the year. By March, 1950, the relationship stood at 41.2 per cent. At the end of June it was 45.3 and at the end of September it had fallen again to 39.8 per cent—during the period of heavy scare buying.

This indicates that although purchases of durable goods were increased during July and August, a greater than usual percentage of those sales were made on a cash basis and did not involve credit. They specifically resulted from the fact that incomes were high, savings were withdrawn, and people undertook to obtain goods while they could get them—with cash as well as with credit.

—Reprinted from *The Industrial Banker*.

Out of every 10 families taking vacation trips, 8 use an automobile, according to a survey conducted by Curtis Publishing Company. The average vacation trip, according to the survey, was 947 miles.—*Motor*.

## Consumer Credit Education

As its first major project, the newly formed National Foundation for Consumer Credit, Inc., is undertaking a nationwide educational program to teach the American public what can be expected of credit and how to use it wisely.

An editorial committee is busy revising a consumer credit workbook and a "teacher resource unit" now in use in about 450 secondary and high schools. The material was prepared originally by the Retail Credit Institute of America, Inc., which was merged into the new national foundation, for use in social science and home economics courses.

To meet possible complaints that the course on credit is "slanted" toward business thinking, the foundation is taking pains to assure that the extensive revision of the text is being handled by leading educators in various universities and by representatives of the U.S. Office of Education and the extension service.

### Direct Participation

In addition, direct consumer participation is assured by placing the project under the wing of the National Consumer-Retailer Council. Council affiliates, such as the American Home Economics Association, the Young Women's Christian Association and the National Council of Jewish Women, all are indicating points, from a consumer view, they want brought out in the credit course.

### National Education

According to William J. Cheyney, executive vice president of the National Foundation for Consumer Credit, the goal is to have the revised, up-to-date material ready for use in the February, 1952 school term. Any school at the high school-secondary school level that wants the course will be able to get it. The foundation will even arrange for speakers—local businessmen, bankers, etc.

The revision was decided upon for a number of reasons. For one, rewriting was needed because the old course over-stressed applicable New York State laws. Secondly, loose-leaf form was considered best suited to the purpose. Supplements will be published for teachers about every 60 days to keep them fully posted on credit trends and developments. Further, direct consumer participation in shaping the course was rated a "must."

### Employee Training Material

Mr. Cheyney said many stores are expected to use the material as an

employee training kit on credit. In some instances, he explained, store management has discovered to its amazement that employees are woefully lacking in any insight as to the purpose and effect of consumer credit and its relationship to their own livelihood. There never has been an or-

ganized credit study program in stores generally, it was added.

It is also understood that some seven national banks have recently affiliated with the national foundation and that the goal is to have some 150 such affiliates from the commercial banking field.

## Automobile Costs

Edward Payton, of Thorp Finance Corporation, Beaver Dam, Wisconsin, has just finished a rather extensive road trip. He found used cars sticky. He found monthly payments of around \$60 about the top for fast movement of the later models—and even of the less popular new cars. He suggests that the total cost of meeting instalment payments *per work hour* be driven home to all concerned in this effort not alone to permit millions of buyers to make use of transportation but—and further—to show the *cost per work hour* of Washington thinking to these buyers in terms of taxes on transportation.

The 44 hour week provides 190 work hours per month.

The cost of buying, paying for, and operating a motor car is truly shown in the Runzheimer reports covering thousands of cars in use by 140 large corporations. These costs are divided among 24 U. S. and Canadian operating areas—for purposes of this report. I shall take an average of the 24. All costs for these Corporations are determined in terms of one standard car—the 1950 Chevrolet. Allowable cost in 1951 is 10% above 1950. Costs are divided into (a)—Fixed, and (b) Variable. The Fixed charges include depreciation, PD & PL insurance, license fees, etc. Variable costs include gasoline, oil, tires, battery, all repairs and renewals, etc. Under the Runzheimer plan all fleet cars are traded at either 30 months of

operation or 45,000 miles—whichever is arrived at first.

For 1950 the Fixed cost is established at \$40 per month minimum. The Variable cost for 1,000 miles per month driving at \$40. These are averages. In practice a separate allowance is arrived at for each of the 24 divisions.

We have, then, the cost to the buyer *per work hour* (190 work hours per month) over various instalment payments per month, contained in the table on this page.

Keep in mind that these costs are for Chevrolet cars, bought new, by fleet operators. It does not seem probable that the individual buyer can operate for less Fixed or Variable charges. Admittedly, on the older used cars—say four years or over—the Fixed charge might come down—but the Variable charge would probably GO UP. Further, taxation, as a Fixed charge, will go up.

The first two fundamentals necessary to survival are (a) Food, and (b) Transportation. Drop talk of luxury and "pleasure" where the people who do the work of the world are concerned with the motor car. *Look over the following costs to the buyer per work hour.* Sixty dollars per month instalment payment will permit the purchase of a \$2,200 car at 24 months—for a total cost to the buyer of 79½¢ per hour. Let's propose concrete procedure, with utmost tenacity.

Monthly Payment	Minimum mo. Fixed chg.	Minimum mo. Var. chg.	Minimum mo. Total cost	Minimum total cost to buyer per work hour
\$ 20.00	\$51.00	\$40.00	\$111.00	58½¢ per hour
30.00	51.00	40.00	121.00	63¾¢ per hour
40.00	51.00	40.00	131.00	69¢ per hour
50.00	51.00	40.00	141.00	74¼¢ per hour
60.00	51.00	40.00	151.00	79½¢ per hour
70.00	51.00	40.00	161.00	84¾¢ per hour
80.00	51.00	40.00	171.00	90¢ per hour
90.00	51.00	40.00	181.00	95¼¢ per hour
100.00	51.00	40.00	191.00	\$1.00 per hour
110.00	51.00	40.00	201.00	1.06 per hour
120.00	51.00	40.00	211.00	1.11 per hour
130.00	51.00	40.00	221.00	1.16 per hour
140.00	51.00	40.00	231.00	1.22 per hour
150.00	51.00	40.00	241.00	1.27 per hour

—Reprinted from Thorp Newsette.





## TWENTY Years Ago in the News

*Personal Finance News*, September 1931

National Officers, 1930-1931:

President, T. M. Kaufman; Vice President, L. K. Osborne; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, Edgar F. Fowler

A fallacy into which many critics of consumer credit fall is in associating it carelessly with the popular prejudice against debt in the abstract. These same critics confer generous approval upon the machinery of systematic savings. With them, one is usually the antithesis of the other.

This is not, however, the case. Whether in commercial enterprise or in the business of operating a household, a real problem is constantly encountered in effecting a workable spread of income to meet necessary obligations. Some people elect to meet future obligations, either for debts or new purchases, by systematic savings. The experience of savings banks in the turnover of individual accounts does not bear out the notion that savings accounts generally are permanent thrift reserves. Rather the great majority of savings depositors *save to spend*. The annual increase in the volume of institutional savings represents, for the most part, new accounts rather than steady growth of old ones.

In instalment financing the individual *elects to acquire possession of goods or services presently and to save afterward to meet the obligation* through partial payments. That he is willing to pay in addition a service charge for the accommodation, that is, for the utility or pleasure he gains from immediate satisfaction of his wants, does not alter the situation.

The purpose of advertising is that of showing to the prospective customer and the public the type of service offered. To do this, a true and complete picture of the personal finance business should be presented. Truth in advertising is of paramount importance as nothing so completely "unsells" the reader as misleading statements. Aside from explaining the manner in which credit is extended and service rendered, the principal object of advertising is, of course, to bring customers to the office. In addition it should be designed to increase the public understanding and raise the standards of practice by creating higher ideals of service among employees.

—From a report to the Maine Association.

The Uniform Small Loan Law constitutes the first systematic and comprehensive plan of legislation on consumer credit. The law, drafted by the Russell Sage Foundation, has been developed solely from the viewpoint of public welfare. The constitutionality of this statute has been upheld in state courts and by the United States Supreme Court. One of the stalwart figures of the legal profession, who has devoted his great ability and his untiring energy to the upbuilding and the upholding of this law, is Frank R. Hubachek Esq., of the Minneapolis bar. He is the author of the pamphlet, "The Constitutionality of Small Loan Legislation," recently published by the Russell Sage Foundation. The pamphlet treats only the constitutional phases of the so-called Uniform Small Loan Law which, with variations, has been enacted in about one-half of the states of the Union.

## Personalities



**Matt W. Powers**, owner of the Beckley Loan Company at Beckley, West Virginia, has been conducting his single office operation there for some twenty years. He has recently been elected president of the Chamber of Commerce of Beckley which has 450 members.

Mr. Powers takes particular pleasure in lending very small sums to many borrowers in his community. He regards these people as his friends and neighbors and he is interested in helping them. He enjoys talking with the borrowers who come into his office and helping them with their problems.

When the West Virginia Association was reorganized in 1933, Mr. Powers took an active part in getting the new association established and became its vice president. In 1935 he was elected president and has served in that capacity ever since—something of a record, surely, for tenure of office.

Mr. Powers is intensely interested in community affairs and devotes much time to them. Besides the offices already mentioned he is president of the Beckley Credit Bureau; past president and past secretary of the Beckley Rotary Club and a member of the Raleigh County Tax Advisory Board.

In 1951 he was awarded a Certificate of Merit for twenty years of active service to the Raleigh County Chapter of the American Red Cross as president and vice president. He also has been president of the Raleigh County Heart Association. He is one of the main supporters of Boy Scout work in the county.

Mr. Powers lost his only son several years ago. The blow was softened by the appearance of Matt W. Powers, 3d, eight and one-half months after his

(Continued on page 10)

# PROGRAM

## Thirty-seventh Convention and Annual Meeting National Consumer Finance Association

### THURSDAY, SEPTEMBER 27

#### 10:00 A. M.—FIRST GENERAL SESSION

Auditorium

Presiding: Barney J. Lenihan, President

Call to Order by the President

Address of Welcome

Response

Barney J. Lenihan, President

#### 10:30 A. M.—Operations Panel

Presiding: Barney J. Lenihan, President

Panel

PERSONNEL: PROBLEMS, TRAINING AND PROGRAMS

E. F. Wonderlic, Vice President, General Finance Corporation

COST CONTROLS

G. Robert Becker, Treasurer, Capital Finance Corporation

Discussion

Address: THE FIGHT FOR MEN'S MINDS

Walter W. Belson, Director of Public Relations, American Trucking Association

#### 12:30 P. M.—LUNCHEON SESSION

Colonnades Dining Room

Presiding: Barney J. Lenihan, President

Address: THE ROAD AHEAD

The Honorable Theodore R. McKeldin, Governor of Maryland

#### 2:30 P. M.—SECOND GENERAL SESSION

Auditorium

Presiding: William T. Christian, Chairman, Public Relations Committee

Address: WE'RE TALKING TO A PARADE!

Elliott Taylor, Manager, Public Relations Division, Pacific Finance Corporation

Address: TECHNIQUES OF PRESENTING P R PLANS

Richard O. Wiesner, Executive Vice President, New York State Consumer Finance Association

#### 3:15 P. M.—LAW FORUM SESSION

Presiding: L. J. Styskal, Chairman, Program and Publications Committee of the Law Forum

Panel:

REGULATIONS W AND X  
Joseph E. Newton

WAGE CONTROLS

David B. Lichtenstein

ANTI-MERGER STATUTES

John G. Biel

SOLDIERS' AND SAILORS' CIVIL RELIEF ACT

Dean F. Bryson

ATTORNEY'S GUIDE IN BANKRUPTCY

Henry E. Wilhelm

RIGHT OF PRIVACY

Louis A. Hellerstein

SECURED TRANSACTIONS UNDER THE UNIFORM COMMERCIAL CODE

Leo M. Gardner

NEW SMALL LOAN LEGISLATION AND DECISIONS

Roger S. Barrett

6:00 to 7:00 P. M.—Reception and Cocktail Party  
Spring Room Ballroom

7:00 P. M.—Dinner and Meeting of the Law Forum  
Lee Room

### FRIDAY, SEPTEMBER 28

#### 9:00 A. M.—THIRD GENERAL SESSION

Auditorium

Presiding: S. E. Risley, Chairman, Advertising Committee

Meeting of Advertising Forum

Advertising Forum Program

Address: FREQUENCY OF CUSTOMER MAILING

Charles E. Stoltz, Advertising Manager, Interstate Finance Corporation

Address: HOW TO CUT CONSUMER FINANCE  
DIRECT MAIL COSTS

Edward Glazer, Administration and  
Supervision Department, State Fi-  
nance Company

Address: ADVERTISING PROGRAM FOR NEW  
OFFICES

Thomas P. McGinn, Assistant to the  
Vice President, General Acceptance  
Corporation

Address: THE 7 CARDINAL PRINCIPLES OF  
DIRECT MAIL

Edward N. Mayer Jr., James Gray,  
Inc.

Address: WHICH COPY PULLED BEST—AND  
WHY

Richard Manville, Richard Manville  
Research Organization

#### 11:00 A. M.—THE ECONOMIC SITUATION TODAY

Address by Dr. Leo Wolman, Professor  
of Economics, Columbia University

#### 12:45 P. M.—GOLF TOURNAMENT

Old White and Greenbrier Courses

#### 3:00 P. M.—WOMEN'S PROGRAM

The Lounge

Presiding: Mrs. Donald L. Barnes

Address: The World Today

Florence Burke Ellis, Book Stylist and  
Radio Commentator

Tea

#### 7:00 P. M.—ANNUAL BANQUET—Dinner Dress (Black Tie)

Colonnades Dining Room

Presiding: Barney J. Lenihan, President

Address:

Senator Harry F. Byrd of Virginia

Dancing

### SATURDAY, SEPTEMBER 29

#### 10:00 A. M.—ANNUAL BUSINESS MEETING OF THE ASSOCIATION

Auditorium

Presiding: Barney J. Lenihan, President

Call to Order

Minutes of the Last Meeting

Reports of Officers

Reports of Committees

Unfinished Business

New Business

Nominations and Elections

Recess for Meeting of New Board of Direc-  
tors and New Executive Committee

#### 12:30 P. M.—INAUGURAL LUNCHEON

Colonnades Dining Room

Presiding: Barney J. Lenihan

Luncheon

Presentation of Golf Prizes

Terrence J. Dillon, Chairman, Recrea-  
tion Committee

Presentation of Newly Elected Directors

Presentation of Newly Elected Executive  
Committee

Presentation of Outgoing Officers

Remarks of Outgoing President

Presentation of Newly Elected Officers

Acceptance by Incoming President

Adjournment

## Satisfied Customer

On July 3rd, a satisfied customer's letter was received by Vaughn B. MacDonald, manager of the Richmond, California, consumer loan office of Pacific Finance Corp.

Here is the letter to Manager MacDonald which made so many people at the home office and elsewhere throughout the PF system feel proud of their profession:

"Today your company removed card for Loan No. 3288 from the files for the last time.

"After the first flush of relief at clearing a debt had passed, we thought back to the time we came into your office in urgent need of cash. We had been turned down by our local bank on the—to them—good and sufficient grounds that we were not citizens of Richmond of two years' local employment.

"I must confess that I entered your door with a stereotyped idea in my mind: 'Here goes nothing; I need cash and I'll leave my right arm.' Instead, we were greeted by Mr. MacDonald who gave us his philosophy of business and life. We were not treated like a pair of improvident grasshoppers, but instead as human beings who needed a little financial help for a time.

"Every month when we would pay our instalment we would notice again the cheerful courtesy and attention that we met when we first came in.

"For your prompt help and continuing courtesies we express our sincere appreciation."

## Government Loans

Some idea of the large amounts involved in authorizations to credit agencies to expend from public-debt receipts can be gained from a tabulation totaling almost \$20 billion, which was furnished to the Senate Committee on Expenditures recently by the Treasury Department. The items making up the total represent for the most part maximum authorizations for revolving funds. As much as three-fourths of the total has been paid out or committed. The itemization is significant chiefly as showing the magnitude of sums which have by-passed the appropriation process during recent years.

The authorizations include:

	(In millions)
Commodity Credit Corporation	\$ 6,750
Federal National Mortgage Association	2,750
Rural Electrification Administration	2,374
Export-Import Bank	2,500
Public Housing Administration	1,500
Economic Cooperation Administration	1,322
Reconstruction Finance Corporation	1,000
General Services Administration (for defense production)	600
Housing for educational institutions	300
Housing and Home Finance Agency (slum clearance)	250
Farmers' Home Administration	178
Veterans Administration (direct loan program)	150
Tennessee Valley Authority	62
Housing and Home Finance Agency (prefabricated housing)	50
	\$19,786

—Tax Review.

## Personalities

(Continued from page 7)

father's death. Now two years old the baby is really "a bundle from heaven" to the Powers family.

Mr. and Mrs. Powers have two daughters, Sarah Jane Powers, who is working in New York City, and Mrs. James W. Walters of Beckley, and another grandson, James W. Walters, Jr., now seven years old. Mr. Walters is associated in business with Mr. Powers.

## Foreign Accounts

In the National Association's pamphlet, "Handling Foreign Accounts," there are three forms at the back of the book numbered 3, 4 and 5 and carrying the following designations: "Foreign Account Acknowledgment," "Foreign Account Report" and "Foreign Account Remittance Advice."

Mr. H. E. Arnett, secretary-treasurer of the Local Finance Corporation of Marion, Indiana, upon receipt of the pamphlet studied these forms and decided that one form could be

devised to replace the three. He went to work on it, conferring with other members of his organization, and produced the simple form which is shown below. We are displaying it so that others may have the benefit of Mr. Arnett's happy inspiration. Your printer can very easily reproduce the form for you.

The Public Relations Committee is indebted to Mr. Arnett for this "assist" and is very appreciative of his cooperation.

### FOREIGN ACCOUNT ADVICE

Re: Your Account No. \_\_\_\_\_ Name \_\_\_\_\_

☐ Receipt of following records acknowledged:

<input type="checkbox"/> Ledger Card (duplicate—original)	<input type="checkbox"/> Note (duplicate—original)
<input type="checkbox"/> Application (duplicate—original)	<input type="checkbox"/> Mortgage (duplicate—original)
<input type="checkbox"/> Other _____	

☐ Extend your records until \_\_\_\_\_ ☐ See reverse side.

☐ Check for payment enclosed, credited as follows:

Date	Interest	Principal	Balance	Paid To	No. Days	Total Paid

Signed \_\_\_\_\_ Mgr. Date \_\_\_\_\_

From: Reporting Office: \_\_\_\_\_ To: "Foreign" Office \_\_\_\_\_

(Name) (Name)

(Street Address) (Street Address)

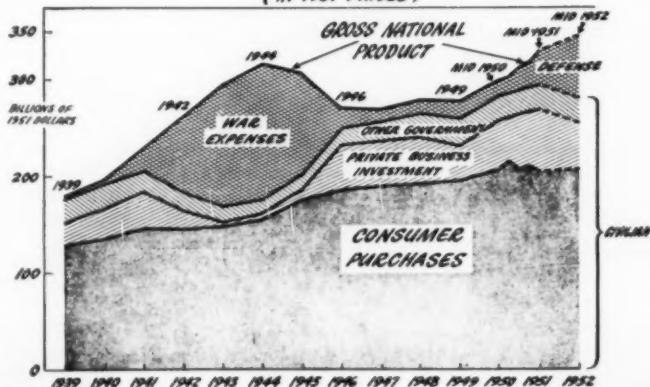
(City and State) (City and State)

Form 2585—20M—5-51—6835

## Consumer Buying Power

Labor's Monthly Survey, publication of the American Federation of Labor, states in the June-July-August issue, from which the chart below is reproduced, that: "Consumer buying power is headed for a new peak by mid-1952, but there will be hardly any more goods to buy with this increased income than there are today."

U.S. GROSS NATIONAL PRODUCT—WAR AND DEFENSE TAKE GOODS FROM CIVILIANS (IN 1951 PRICES)



SOURCE: Mid-year Report of the President's Council of Economic Advisors; 1951 prices are used throughout to eliminate the effect of price changes. Estimates for 1952 are ours, based on Defense Mobilizer Wilson's forecast.

# How's Your Attitude?

By HENRY CARLTON JONES

*Mr. Jones is a member of the firm of Jones & Jones Advertising Agency, Oklahoma City.*

Attitude is an important word in the business world. It is one often used by employers when they discuss the people who work for them. It is a word they use in grading and evaluating their associates.

Few people on the pay roll have any idea of how much importance the bosses attach to attitude. For example, they'll say, "Well, Johnnie Smith's bright enough. . . but his attitude isn't too good."

What do they mean by that? Well, it's simple. They mean Johnnie may not be taking his work seriously enough; he may be inclined to slip over some of his assignments or may be hard to get along with. Maybe Johnnie doesn't accept constructive criticism or help. Maybe his attitude doesn't reflect loyalty toward the firm or its products. Maybe Johnnie appears capable of better work than he's doing but just isn't putting out, and the bosses know it. Or maybe Johnnie grumbles if he's asked to stay ten minutes overtime to finish up a rush job. Or maybe the bosses feel that a really loyal, interested employee would volunteer to stay a little late without even being asked when there's an emergency.

A great many things come under the heading of *attitude*, and the way a man (or woman) is rated on the subject can help or hurt his career a great deal. In the eyes of the boss this thing he calls *attitude* is just about as important as *ability*. If a staff member has talent and ability but displays an uncooperative attitude, the boss may be inclined to discount the talent and ability.

On the positive side of the question many a person of limited ability or less brilliance, but of unquestionable loyalty, whose attitude is good keeps moving constantly up through the ranks of the organization.

There's a very human element in business, just as there is in home life. People who constantly work together must live with each other in reasonable harmony and confidence, or there's a lot of needless misery and friction. Workers whose attitude is unpleasant or unfair toward each other, toward the boss or the firm can cause a lot of trouble. Troublemakers usually write out their own dismissal slips or end up in a dim corner of the office or plant while promotions go to others with more congenial, helpful attitudes.

But the right attitude is more than getting along with people. It's reflecting a wholesome, friendly feeling inside. It's based on a sincere desire to be helpful and useful to the business, to its owners and to the other workers. Attitude is part an expression of personality, part a manifestation of mental outlook and, perhaps, part spiritual. The chap who always thinks of himself first, whose actions and decisions are primarily selfish, seldom has a good attitude. His whole philosophy is to get, never to give. And there must be some giving by a person who has the right attitude.

It isn't necessary that a person go around beaming and grinning at the other workers all the time, shedding joy and light, in order to have a good attitude. Nor does he need to act like a politician running for office and try to polish apples and fawn on the bosses. He has every right to be an individual, to be independent, to have his own opinions, to differ with his neighbors and even with the bosses on policy or anything else. But his outward actions and speech should reflect decent respect for his fellow workers, his boss, his business.

In sales work it's easy to spot the salesman whose attitude toward his job, his house and its products is not right. It shows through the seams, and if he doesn't have a sincere desire to be helpful and useful to his customers, if his primary concern is merely to get the sale, that shows, too. He may think he's clever enough to conceal his attitude, but he isn't. Few people are that good as actors.

So what is attitude? Isn't it an outward expression of the inner character of the person? I think it is, and that's why bosses are so deeply concerned about whether their people have good or bad attitudes. It's an expression of the kind of people they actually are. A right guy always has the right attitude.

—Reprinted from *Printers' Ink*,  
by special permission.

The great public object of education, the real justification of a public-school system, is not to make people know more or fit them to know more. It is to give them the means by which they can become better men, better members of society, and more useful to their communities.

—William Howard Taft

## Editor Recognizes Role of Small Loans

Robert C. Hamilton, executive secretary of the Indiana Association of Installment Credit Companies, Inc., has sent out the following editorial by Harold Hartley, business editor of the *Indianapolis Times*. This appeared in the May 30, 1951, issue of the *Times* in Mr. Hartley's column, "Today in Business":

### *"The Helping Hand"*

"I wonder if I haven't been unfair to small loan companies too often charged with preying on the pay checks of the wage earner.

"Those days are gone forever.

"The small loan companies have helped many a family out of trouble.

"In fact, I have been looking at the figures. They show that 20 per cent of the loans are what they call 'remedial.'

"This means when a family gets into trouble, with too many payments, dropping a \$5 bill here and a \$5 bill there, spread out too thin, there is a job for the small loan company to do.

"The small loan company groups debts, pays the creditors off and restores credit. But, it goes even farther.

"It then sets out to help the borrower work out his troubles and get on his feet.

"And they've helped many a family over the hump when unexpected dental or medical bills arise.

"I am not beating the drums for the little loaners but I do want to point out, in justice, the important role they play in putting many families, jostled by circumstances, back on their feet in an atmosphere of self-confidence and respectability."

## OPENING A NEW OFFICE?

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## Financing Methods and Inflation

In a talk to the State chairmen and State directors of the United States savings program at the Statler Hotel, in Washington, Secretary of the Treasury Snyder denied that Government financing methods since the end of World War II were the cause of inflation.

"The idea that the rise in the price level which we have experienced since the end of World War II has been due in large part to methods of Government financing—that deficit financing in the post-war period has been the cause of most of the inflation evils—simply disregards the facts," he said.

"For the five fiscal years which ended last June 30, the United States had a net over-all surplus of receipts over expenditures of approximately \$7.5 billion. During the same five years, the debt of the United States was reduced \$15 billion, and commercial bank holdings of Government securities were reduced by more than \$25 billion.

"That is not deficit financing. It is just the contrary. In the face of those facts we must look in other directions

than Government fiscal policy to find inflation's recent causes," Mr. Snyder did not explore the "other directions."

"I want to emphasize," he said, "that our plans for a Defense Bond drive do not signify any departure from the Treasury's stand in favor of paying-as-we-go for defense as well as for the ordinary costs of Government. The recommendations of the Treasury for pay-as-we-go taxation, laid before committees of the Congress in recent weeks, are not modified in any respect by our intended efforts to increase the sale of bonds substantially during the fall. The tax program and the bond program are both essential to the economic welfare of the country.

"I do not at this time want to go into any detailed analysis of our revenue and expenditure prospects, but I do want to point out that the pending tax program is not only necessary, but can be absorbed by our economy, and leave, after taxes, a good margin of profits and incentives.

"We are all aware, of course, that prices have risen greatly since 1939. But incomes after taxes have moved ahead even faster. The truly significant fact—and one to which little attention has been given—is that the average per capita income in the

United States today, after all taxes, local, State and Federal, will buy almost 40% more in actual goods and services than the average per capita income in 1939.

"Moreover, people today can buy things which in earlier years were either not available at all, or more available only to a limited number. There has been a growth unprecedented in economic history in the incomes of the middle group. This growth has greatly enlarged the market for the products of American agriculture and industry—and greatly enlarged, also, the possibilities for profitable business operations.

"Individuals, collectively, after the payment of taxes, still have in their hands large sums to spend or to save. The wise course is to confine ourselves to non-inflationary spending and to save regularly out of our incomes."

Appropriation: a new tax in disguise.  
—Aledo (Ill.) Times Record

## House Credit Probe

Representative Wright Patman has announced that his subcommittee on credit control now does not intend to start public hearings until next January, and he ruled out any examination of consumer credit controls, including Regulation W, as part of the inquiry.

The subcommittee was set up by the Joint Committee on the Economic Report some time ago, with Mr. Patman as chairman. Other members include Senators Paul Douglas (D., Ill.), Ralph Flanders (R., Vt.), and Representatives Jesse P. Wolcott (R., Mich.), and Richard Bolling (D., Mo.).

Henry C. Murphy, for many years a Treasury Department official and more recently with the International Monetary Fund, will serve as economist for the credit control subcommittee.

Mr. Patman explained that many changes had been made in the Federal Reserve Act since its enactment more than 30 years ago, and the subcommittee's report, due next June 30, probably would recommend further legislative changes. The main objective of the inquiry, he said, is to determine whether or not the Federal Reserve Board should be made more responsive to executive policies.

Long a critic of the Federal Reserve Board, Mr. Patman said that he had not yet made up his mind if he would favor giving the board cabinet status and appointing a single administrator to head it.

**Yes!**

**HERE'S THE ANSWER TO Your**

**FALL AND WINTER!**

**PROMOTION PROBLEMS!**

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**MISSOURI IDEA CATALOG**

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FOR READY  
REFERENCE



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# State Association Activities

## Michigan

Norman Snyder, Chairman of the Public Relations Committee, presented the following report:

I should like to say first that I felt highly honored when your President, Gene McDonald, asked me after last year's annual meeting not only to serve on the 1951 Public Relations Committee, but also to act as its chairman. I say this, because even though I am an operator, I have always been interested in the public relations aspect of this business of yours and mine. Further, I have a firm conviction that public relations begin in the office, and regardless of how well planned and executed an association program may be, it is valueless unless we "do as we say we do."

On the association level, both local and state, we have continued to participate in Business-Industry-Education Days. To date, three local associations have participated in such days and the Saginaw Association is looking forward to its repeat performance the latter part of August. Those of you who have seen this program in action for the past three years will, I'm sure, agree that there can be no question as to its value to our business. Teachers' letters and comments have attested to its success and to its public relations value to this industry.

The disheartening point is that a considerable number of these Days have been held throughout the state in which we have member offices, but in which we have failed to participate. Certainly the program and its value have been sufficiently publicized by the state association to warrant the interest of every member. We cannot help unless we know in advance that such a program is being planned. It is of utmost importance—it is their duty—that every member carefully watch his local Chamber of Commerce Bulletins for announcements of such a project. Better still, the local Chamber secretary should be contacted to see if a program is proposed for any time in the future. If he doesn't know about the program, offer to obtain the information about it for him. School superintendents should also be made aware of the value of such a program in their educational plan.

To aid you in this project, our Executive Director is now in the process of preparing a Guide which will assist you in preparing to participate in such a program. It will outline in detail the "Whys—Whats—Hows and Wherefores" of B. I. E. Days. After you receive this, the rest will be up to you. Let it not be said that, starting next fall, any member of this association failed in his responsibilities to his own company or to the business generally by not promoting and participating in this project.

Of equal importance to us all is another program that was instituted by the state association, with the cooperation of the Saginaw Lenders Association, on April 11th of this year. Following the B. I. E. Day technique, our association sponsored a "Workshop in Social Service" for the ministers of that community. As an experiment it was highly successful because not only were some valuable lessons learned, but 17 ministers in that community now have, what they themselves expressed as, an entirely different opinion of our business and the part we have in the economic life of the many families that make up our Michigan communities. This program is to be extended to other communities in the future and as it develops, you will be asked to cooperate in its planning and execution. We believe that eventually it will be equally, possibly even more, beneficial than B. I. E. Days. A guide similar to that for B. I. E. Days will be provided you at a later date.

Still another program is in the planning and experimental stage. I had thought to be able to report to you on it in detail, but circumstances beyond our control have held it up. This pro-

gram contemplates meetings with labor leaders in our larger industrial areas in which we will attempt to acquaint them with the purpose and operating policies of our business as well as answer any questions which they may have. The labor leaders with whom this idea was originally discussed were pleased with it. We, of the Public Relations Committee, look forward to being able to give you a real progress report a little later.

To implement these three programs as well as being able to offer you a program which you can recommend to the various service clubs and other organizations to which you belong, the association is developing an illustrated talk. This will feature the use of a visual education machine that will graphically portray our business to the general public. You will be advised when it is ready and we hope that you will take advantage of this additional effort on the part of your state association to provide you with the tools to best promote your interest and that of your business.

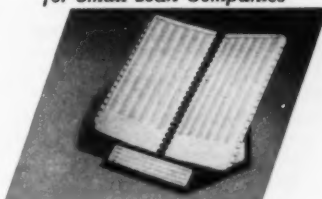
State-wide showings of our industry film entitled "Every Seventh Family" continue to be good. Since last October, the film has been shown in twenty-eight different schools throughout the state and to 12 other various organiza-

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tions. This film should be explained to your high school principals and they should be urged to recommend that it be shown to high school students yearly, regardless of the course of study they are pursuing.

I should like to take this opportunity to thank those of our membership who have aided in this program by personally appearing at the various schools and clubs to present the film and answer questions. This has been most helpful and I am sure that it has been equally helpful and beneficial to those who have participated.

In closing this report, I should like to instill a word of caution. Even though today we are enjoying, on an industry-wide basis, an ever better public acceptance, it must be remembered that these are unsettled times. We must be ever on the alert for opportunities to increase that acceptance while at the same time assuring ourselves that our operating policies are such that we will continue to warrant that acceptance. Particularly must we further employee relations and be sure that they are not only convinced of the economic and social sphere of our business, but that they are equipped and willing to be truly public relations representatives in their day-to-day contacts with both customers and the general public. The answer for all of us for the days and months ahead is not worry, but work as well as continued COOPERATIVE EFFORTS.

## False Affidavit Brings Indictment

A secret indictment against the King County Credit Men, Inc., a Seattle, Washington, corporation, and George Franklin Benning was recently made public.

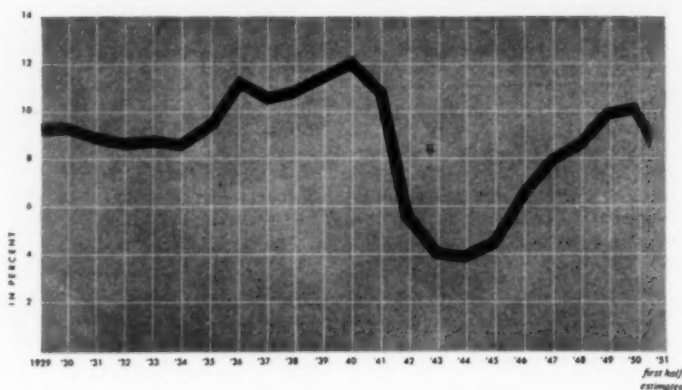
The indictment, made public in United States District Court, charges that Benning signed a false affidavit in the court of Justice of the Peace Guy B. Knott to obtain a judgment by default against Edward Leon Romanick and Jane Doe Romanick. The affidavit stated that neither of the Romanicks was in the military service.

A serviceman's salary may not be garnished without his consent.

The affidavit was executed by Benning to gain an indebtedness judgment for \$52.53. Benning knew, the indictment states, that Romanick was serving in the Navy.

The proudest epitaph any man could have is "This was an honorable citizen."  
—Louis Bromfield

## Total consumer credit outstanding as a percentage of disposable income



A sharp rejoinder to economists who maintain that expanded consumer credit is largely responsible for current inflationary tendencies in the country's economy was contained in a recent issue of *Pacific Finance Automotive Digest*, authoritative trade publication.

Contrary to the claims of those favoring more stringent credit restrictions, the *Digest* maintains that consumer credit presently outstanding—expressed as a percentage of disposable income after federal and state taxes—is less than before World War II.

Consumer credit rose to above \$20,000,000,000 in late 1950, but has since dropped to \$19,000,000,000, the publication points out. Over 65 per cent of the total is represented by instalment loans. The remaining credit consists of charge accounts, service debts, and single payment personal loans.

Prewar high for consumer credit

was less than \$9,000,000,000. This rise has led to the erroneous belief that the business boom is based largely on individual consumers going into debt.

However, consumer credit is not high relative to price levels and individual income. In prewar, consumer credit ranged between 10 per cent and 12 per cent of annual disposable income. This dropped sharply during the war because of a lack of products to buy. In postwar this ratio gradually climbed back to a high of 10 per cent in 1950. Now the ratio has dropped to only 8.9 per cent, while personal income has climbed rapidly.

This indicates a larger percentage of goods has been bought on a cash basis than before the war. The economy can stand safely a greater loan ratio than now exists and can support even higher levels of consumer production and sales.

## Excerpts from a Message to Stockholders

Earlier in this Letter we referred to the impact of federal instalment credit controls on the business of your Corporation. Entirely apart from the question of the effect of these controls, however, we take issue with the assertions, usually emanating from government sources, that undue expansion of consumer instalment credit has been one of the primary causes of the present inflationary situation.

In determining if there has been an over-extension of instalment credit to consumers, considerations must be given to the present levels of personal income and the accumulation of personal liquid savings. According to the latest available federal estimates, the American public on September 30,

1950 owed, in the form of instalment debt, 6.5% of their annual disposable personal income. This represents a large increase over comparable figures in the period immediately following World War II, but this increase has little significance because the amount of consumer instalment debt was abnormally low at that time due to the fact that automobiles and other durable goods ordinarily sold on instalment terms were just coming into the market. Prior to World War II, in the three years 1939, 1940 and 1941, the ratio of instalment debt to personal income averaged 6.6%, using year-end figures, and the high point was reached at the end of 1940 when the ratio was 7.2%. In September of

1941, when conditions in many ways corresponded to those of September 1950, the ratio was 6.9%. It will be noted that all of these pre-war ratios are higher than the 6.5% attained in September of 1950.

It is also significant that while the amount of instalment credit was increasing after World War II, liquid personal savings were increasing at an even greater rate. In the third quarter of 1950, when consumer spending for durable goods was at its height, the rate of increase in personal savings was more than two dollars for every one dollar of increase in consumer instalment debt.

It is apparent from this analysis that the use of instalment credit has been conservatively managed. Furthermore, the history of consumer instalment credit makes it clear that this method of distribution has made important contributions to our economy. Instalment buying has developed mass markets for durable goods and thus has been a major factor in creating the facilities and techniques of the American production system. But for this system of quantity production, consumer prices would be much higher. Mass production has made possible progressively-broadening markets and a higher standard of living and has equipped the nation with a vast industrial capacity which is the principal safeguard of our security today.

Respectfully yours,

ARTHUR O. DIETZ,  
President, C.I.T.

Human minds are like wagons. When they have a light load they are much noisier than when the load is heavy.  
—Papyrus, Midwest Paper, Ltd.

## 1951 National Consumer Credit Conference

The College of Business Administration of Lehigh University, Bethlehem, Pennsylvania, was host at a two-day conference on Consumer Credit on May 24 and 25, 1951. There were 140 individuals registered for this two-day meeting. Eleven national and four state consumer credit agencies were co-sponsors of this conference.

Papers were presented by leaders in the consumer credit field on: What We Don't Know About Consumer Credit, Regulation W, Consumer Credit in a Guns-and-Butter Economy, The Place of the Various Consumer Credit Agencies in the Economy, Evaluation of the Credit Risk, and Consumer Credit Courses in High Schools, Colleges and Universities.

The principal speakers on the program were as follows:

Dr. M. R. Neifield, Vice President, Beneficial Management Corporation

David C. Melnicoff, Head, Department of Selective Credit Regulations, Federal Reserve Bank of Philadelphia

Dr. Albert Haring, Professor of Marketing, Indiana University

Paul L. Selby, Executive Vice President, National Consumer Finance Association

Dr. G. Rowland Collins, Dean, Graduate School of Business Administration, New York University

Ellis B. Ridgway, Jr., Chairman, Consumer Credit Committee, Pennsylvania Bankers Association

M. L. Goeglein, Vice President, National Consumer Finance Corporation, Pacific Finance Corporation

Thorndyke



"See you tomorrow, Janie. Some time, some puddle."

Copyright 1951 Cartoons of the Week

William W. Pratt, Executive Director, Pennsylvania Credit Union League, Inc.

Myron R. Bone, Vice President, American Industrial Bankers Association

Dr. Thomas W. Rogers, Executive Vice President, American Finance Conference

Clarence E. Wolfinger, President, National Retail Credit Association

Curtis A. Williams, Executive Vice President, Pennsylvania Consumer Finance Association

Dr. Frank Parker, Professor of Finance, Wharton School, University of Pennsylvania

Fred Kane, Instructor, Abraham Lincoln High School, Philadelphia

The proceedings of the Conference may be obtained by writing to National Consumer Finance Association, 315 Bowen Building, Washington 5, D. C. Single copies will be sent postpaid at one dollar each. If ten or more copies are desired, and are to be mailed to the same address, they may be obtained at seventy-five cents each.

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## A Glance at What They Are Doing

A saga of the Alaska Highway as told by **A. M. Constans**, president, Local Loan Company, Seattle, Washington:

Anything you hear about the Alaska Highway is true. This statement might sound to some like an unmitigated lie, an alibi, or the wanderings of a fevered mind, but the Constans family will insist it's true—they've been there.

On July the third at seven thirty a.m., they left their comfortable home in Bellevue, Washington, a suburb of Seattle—daughter Mary, age 9 years, son Bill, age 13, Mother Harriet and Dad Al—together with one Plymouth Suburban and a 19-foot Airstream travel trailer bound for Fairbanks, Alaska and a vacation.

The route taken was from Bellevue to Spokane, then to Banner's Ferry, Idaho, on to King's Gate where customs and immigrations were cleared. It was at King's Gate that Papa Constans should have tumbled, for there he had to post a bond to assure the removal of the wreckage of his car and trailer from Canada should it be incumbered and meet with some catastrophe as yet undreamed of.

They next proceeded to Fernia, B.C., the Pittsburgh of Canada, according to a gas station operator, thence via Cranbrook, McLeod, and Calgary to Edmonton, Alberta.

At Edmonton they were informed that it had rained steadily, for some unaccountable reason, for the past two weeks, this after two seasons of very dry weather, all of which had turned the plains of Alberta into a sea of mud. Now mind you, not just ordinary mud, but sticky, black, goeey mud of a particular Alberta variety.

At Edmonton they began to hear things about the Alaska Highway, among which were: "They've had some floods, there are twenty-three bridges washed out," "Oh! the Alaska Highway is a good road," "The Ca-



A. M. Constans

nadian Government is spending money like drunken sailors on that road; it's a lot better than our roads," "Just wait until you get to Dawson Creek; from there on it might be dusty, but the road is graveled and good."

Well, all of these statements were probably true. Of course, in a country where they can spend a million dollars a mile to build an improved road they do spend lots of money. Of course, "they" might mean the U.S. taxpayer, but it still costs plenty of money to maintain those roads. Then again, a road which seems good to an Alberta prairie resident in a rainy season might not seem good to a resident of the Evergreen State of Washington. On the other hand, what might be a graveled road to the native of Gumbo country, might be a road surfaced with boulders the size of your head to one accustomed to  $\frac{3}{4}$ " or smaller crushed rock.

Five hundred "odd" miles from Edmonton one arrives at Dawson Creek, or mile zero, the real starting point of the Alaska Highway. Fifteen hundred twenty-three mile posts from Dawson Creek and, in many instances, 20 to 25 flat tires and numerous other somewhat trying experiences later, one reaches Fairbanks, Alaska.

It was at Whitehorse, Yukon Territory, that the Constans family first confided to each other audibly the hope that some other means of returning from their Alaska trip should be found. It was at Fairbanks on July 18, the date of their arrival there, that reservations were made to return, car and trailer included, by boat.

Four hundred seven miles later, the distance from Fairbanks to Valdez, the last 52 miles of which required 6 hours and some courage to drive, a happy, wiser family arrived at Tide-water. One and one-half days later they embarked upon the SS Alaska for a most delightful five days' voyage down the inside passage from Valdez to Seattle. Yes, someone did say the Gulf of Alaska was crossed before arriving at the true inside passage, and there was some talk about seasickness, but after all, what has the Pacific Ocean got that the Alaska Highway hasn't got more of?

And before concluding, here are some general observations in which you might be interested:

Flat tires are a regular occurrence. I talked to dozens of tourists and we were the only ones who had not had a puncture or a blow-out. The largest number recorded was 25 for a single car and trailer.

Drinking water is carried by wagon, barrel, and pack in most towns and camps we visited, anywhere from 3 to 20 miles; this includes Canada and Alaska.

Plumbing is generally of the outside variety and there is a great future for a renewal of the W.P.A. of depression days when the rural areas of the U.S. were introduced to a scientifically designed and engineered variety of outhouse, suitable to the human anatomy. In Canada and Alaska they are not so designed.

I estimate we met a car on the average of once every one-half hour in Canada and Alaska.

At the risk of great error, I believe 90% of the Alaskan economy today is Government money.

We met cars from half the states in the Union, and nearly all agreed that the trip was interesting, rough, and were planning to return to the United States via some route other than the Highway.

And finally let us say the trip was very interesting; it was worth the effort. I don't plan to go again soon, and so far as the Alaska Highway is concerned there are ample gas, eating, and housing facilities for the traveler who is not too fussy and doesn't mind roughing it a bit. The operators of these facilities are hospitable, helpful, and prices are not excessive as I viewed them.

The only native words I learned, and I'm not sure they are authentic, are "oogie, oogie, oogie," which when freely translated mean, "Greeting from the Squaws along the Yukon."

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**William J. Cheyney** has been elected executive vice president of the newly formed National Foundation for Consumer Credit, a non-profit organization engaged in research about installment buying in the American economy. The Foundation president is John M. Otter, vice president of the Philco Corporation.

Mr. Cheyney has been executive director of the Retail Credit Association of America for 10 years. That Institute recently merged with the Foundation.

He was formerly head of the department of business administration at Rider College, New Jersey, and also was former vice president of the National Retail Furniture Association.

Cecil D. Kaufmann, president of Key Associates, Inc., and Maury Nee, treasurer of the P. J. Nee Co., both of Washington, were elected trustees of the Foundation. Other trustees who were elected represent every segment of the consumer credit field and come from business and financial centers across the country.



"Naturally I expect a scolding now and then, Edith, but I wish you wouldn't take your lectures quite so seriously!"

## The 1951-1952 ROSTER of CONSUMER FINANCE COMPANIES IN THE UNITED STATES

The 1951-1952 edition of the *Roster of Consumer Finance Companies in the United States* will be ready for distribution in October. Statistics gathered by the National Consumer Finance Association, with the assistance of State Banking Departments and the secretaries of State Associations, will provide purchasers of the Roster with an up-to-date picture of the number of licensed consumer finance companies in the United States, their location, their association memberships, and the supervisory officials of the various states.

Copies of the Roster may be ordered only from the National Consumer Finance Association at \$1.25 to members of NCFA; \$2.50 to nonmembers of NCFA.

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- ★ "The Savings Bonds I'm buying now for America's defense will add almost \$100 a month to my company pension when I retire," SP Engineer **Frank Bacher** tells his old friend, **A. T. Mercier**, President of the Southern Pacific Railroad. "They're an extra step toward independence in which the railroad helped me by encouraging me to join the Payroll Savings Plan."



- ★ **Mrs. Eleanor Minkwie**, drill press operator of Burroughs Adding Machine Company, introduces her Army veteran son Vernon, to her boss, Burroughs President **John S. Coleman**. "In 1942 I began buying Bonds through Payroll Savings at Burroughs," says Mrs. Minkwie. "Today they're helping Vernon's G.I. allowance to see him through college!"

## TEAM UP WITH THESE TYPICAL AMERICANS IN THE PAYROLL SAVINGS PLAN!



- ★ **Pasquale Santella**, millwright at United States Steel Company's Carrie Furnaces of the Homestead District Works, has a very personal reason for buying Savings Bonds. As he told **C. F. Hood**, United States Steel Company executive vice president, "My son Tony, 19, is missing in Korea. Used to be I bought bonds because it was my duty and it was a good way to save money. Now I want to help lick the Reds and get Tony back. I buy one bond every payday and when Uncle Sam needs more money, I'll buy more bonds." He has bought bonds regularly since 1943; has never cashed one.

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